

32 Jan. - '47

INTERNATIONAL CITY MANAGERS' ASSOCIATION
1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS

Route To: _____

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THE USE OF SPECIAL INVOICE FORMS

Should the municipality as a buyer require vendors to use special invoice forms supplied by the city?

Some cities still require vendors to present their claims for payment on special invoice forms supplied by the city. Such forms generally must be sworn to before a notary public; and often as many as three to five copies must be filed with the city. The use of such forms, although required by law in some states, is not necessary to proper financial control and serves no useful purpose from the city's point of view. A recent step toward simplified invoices is a law passed by the state of Washington (ch. 77, 1945) dispensing with notarial seals on claims filed against the state or its municipalities.

The practice of special invoices is burdensome for the vendor who must prepare not only his own invoices for company records but also those of the municipality in order to obtain settlement of his claim. The additional work required may result in delay in the mailing of the invoice by the vendor, which in turn may result in a dispute over the cash discount. Moreover, the incorrect use of the prescribed form by the vendor, either through lack of information, use of the wrong form, or failure to use any form at all, delays the settlement of the claim and thus engenders ill will between the municipality and the vendor.

The information needs of most cities can be met by indicating on the purchase order (1) that the vendor submit two or more copies of his invoice, and (2) that the invoice show the city's purchase order number, date shipped, quantity and description, and unit prices. When the duplicate invoices are received by the purchasing agent, he verifies the unit prices, and the quality and quantity of the goods received for conformance with the purchase order. One copy of the invoice is kept in the purchasing department and filed with the order or alphabetically by vendor. The other copy is forwarded to the finance officer who checks extensions and footings on the invoice, makes appropriate charges in the accounting records, and prepares the voucher or warrant for payment. The reports of delivery, inspection, and tests (if any) usually accompany the invoice to the finance office for the permanent files. Departments receiving invoices direct from vendors should of course send them to the purchasing agent for checking.

Another method followed in some cities is to have the vendor's invoice go directly to the disbursing officer instead of to the purchasing agent. The disbursing officer matches the invoice with the inspection report from the receiving department and checks prices and terms with the purchase order. The invoice, the receiving slip, and the purchase order then form the basis for payment of the claim and the drawing of a warrant or check.

(OVER)

If the vendor's invoice is not modeled after the standard form reproduced in the supplement to this report (page 15), the city can use a rubber stamp to provide the spaces to be filled in by city employees with information as to date paid, check number, receipt of material, etc. If a city for some reason decides to require vendors to use a special invoice form it is suggested that a simplified form be prepared and that the city encourage local business firms to adopt it.

A useful guide for both the city and business is the standard invoice form published in a pamphlet issued in 1938 by the National Bureau of Standards, United States Department of Commerce, entitled "Simplified Practice Recommendation R37-38, Commercial Forms (Invoice, Purchase Order, and Inquiry)." Copies of this pamphlet may be purchased from the Superintendent of Documents, Government Printing Office, Washington 25, D.C., at 10 cents. The suggested invoice form in this pamphlet is reproduced as a supplement to this report (page 15). This invoice form has been adopted by hundreds of business concerns, railroads, public utilities, and governmental agencies. It contains a "customer's use" block which provides spaces for inserting or checking certain information. In explaining the suggested invoice form the Department of Commerce report states:

"On the simplified invoice, 'Customer's Order No. and Date,' 'Requisition No.' and 'Contract No.' are placed in the upper left-hand corner of the heading, and a 'Note' is included in the left margin of the body of the form, as follows: 'In case of multiple billing, provide column here for order numbers. If not so used, this space may be added to the width of the other columns.' The reasons for this action were given as follows:

"1. Considering the total number of invoices issued by the many thousands of corporations in the United States, unit billing applies to about 90 per cent and multiple billing to the other 10 per cent. Therefore, it seemed inadvisable to require all invoices to be printed for multiple billing, if the space thus provided was not to be required in 100 per cent of the cases.

"2. Since it is the custom in the majority of so-called 'customer invoices' to show the customer's order number in the upper left-hand corner, a change in method would mean, for the majority, a radical departure from their usual practice.

"3. It has become common practice, on account of convenience, for the maker of the invoice to write the customer's order number first and then proceed with the other data as shown on the simplified form.

"4. For the recipient--that is, the customer--the specified location is convenient, as it facilitates his picking out a particular invoice either from the files or from a pile on his desk, whether he files horizontally or vertically.

"5. The vendor or the customer preferring multiple billing finds the standard equally applicable to that method, since the column provided for order numbers takes care of his needs.

"6. This dual arrangement, by its flexibility and adaptation to either practice, tends to promote adherence to the simplified form."

SIMPLIFIED INVOICE

[YOUR Name, Address, and Trade-mark Go Here]

CUSTOMER'S
ORDER NO. & DATE

REQUISITION NO.

CONTRACT NO

SOLD
TOSHIPPED TO
AND
DESTINATION

DATE SHIPPED

CAR INITIALS AND NO.
HOW SHIPPED AND
ROUTE

TERMS

REFER TO
INVOICE NO.

INVOICE DATE

VENDOR'S NOS.

FROM

F. O. B.

PREPAID OR COLLECT?

FOR CUSTOMER'S USE ONLY

REGISTER NO.

VOUCHER NO.

F. O. B. CHECKED

TERMS APPROVED

PRICE APPROVED

CALCULATIONS CHECKED

TRANSPORTATION

FREIGHT BILL NO.

AMOUNT

MATERIAL RECEIVED

DATE

SIGNATURE

TITLE

SATISFACTORY AND APPROVED

ADJUSTMENTS

ACCOUNTING DISTRIBUTION

AUDITED

FINAL APPROVAL

QUANTITY

DESCRIPTION

UNIT PRICE

AMOUNT

Facsimile of Simplified Invoice Form

To Conform to Standard:

"Customer's Use" block must be exactly as shown.
Designations must all be shown.
Sequence and position of designations must be as shown.
Sizes—8½ inches from side to side
7 inches
11 inches from top to bottom.
14 inches

Optional for User's Convenience:

Size and arrangement of space for vendor's name, address, trade-mark, etc., may be changed as desired.
Spacing, both horizontal and vertical, to left of "Customer's Use" block may be changed as desired.
"Shipped to and Destination" may be arranged for window envelope.
"Quantity", "Description", "Price", and "Amount" columns may be subdivided as desired.
Invoices to retailers should provide a column ¼ inch wide to the right of the "Amount" column, and be headed
"For Retailer's Use."

ADVANTAGES

Eliminates misunderstandings and inconveniences.
Expedites shipments and the settlement of accounts.

SAVES

{ money by reducing clerical personnel.
paper by cutting from standard size stock without waste.
correspondence by including all necessary information on the forms themselves.
time in filing, finding, and handling while being checked.
filing space through uniformity of size.

Unites the support of the proponents of earlier forms.

SIMPLIFIED INVOICE FORM

This suggested standard form was prepared by the National Bureau of Standards and is reproduced from the U. S. Department of Commerce report entitled Commercial Forms to which reference is made in MIS Report No. 32.

NOTE.—In case of multiple billing, provide column here for order numbers. If not so used, this space may be added to the width of the other columns.

